

## Can You Increase Your Business Through Buyer's of REOs?

The (total) number of real estate transactions is down. For most realtors this means less business and less income. The number of foreclosures is way up! Combining these two realities opens up a broad new category of opportunities for agents with vision, patience, and creativity is a key to success in this rocky market. Sales of foreclosure properties have been climbing and the numbers are expected to continue for some time. Listing foreclosures is not for the faint at heart but bringing buyers to the table can be good business! The most accessible (from a buyer's point of view) type of foreclosure property is the REO (Real Estate Owned).

A quick summary of the foreclosure process might be helpful here. When a lender decides that they must take action to protect their interest in a failing loan, they must file a Notice of Default (NOD) or in some jurisdictions lis pendens. This is the first time the bank is required to publicly pronounce their intent to act on their interest in a specific property. The borrower is given a time to cure by statute and the time varies by state. At the end of the cure period an auction on the county courthouse steps is held. This is usually called a Trustee Sale. The buyer is almost always the lender. Once the lender takes the title to the property it becomes an REO. The lender can now sell the property just like any other property owner.

Each property can only be listed by one realtor but a buyer's agent can show many available properties. The competition for REO listings is intense and the institutional owners' expectations are high for the listing broker. Buyer's brokers have more flexibility in their approach to the booming REO market. Hundreds of thousands of buyers are surfing the net on a daily basis to find foreclosed properties.

The realtor that can deliver an extensive list of available properties, including foreclosed REO properties, to potential buyers will have more to show and offer their clients and they will ultimately close more deals and make more money. A buyer's agent, armed with an accurate list of bank-owned properties for sale, has a real advantage.